

Mid-Week Markets Recap: May 27, 2026

Key Takeaways

- Investors continue to emphasize the importance of international growth for AutoZone
 - Eli Lilly continues to broaden its portfolio through strategic acquisitions
 - Equity markets continue to climb to record highs, as investors appear to be pricing in an imminent resolution to the Iran conflict
 - Nvidia reports a strong first-quarter, but sky-high expectations weigh down on shares
-

AutoZone Shares Drop as International Growth Slows in Q3

“Shares of the auto-parts retailer fell 6% following the release of its third-quarter earnings”

On Tuesday morning, car-parts retailer AutoZone reported its third-quarter earnings. Diluted EPS for the quarter was \$38.07 per share, above analyst estimates of \$36.22 per share. Revenue came in at \$4.84b, below analyst estimates of \$4.86b. The key point that markets focused on was the company's revenue, and its slowdown in growth due to AutoZone's international markets. Same-store sales for international markets grew only 1.6% this quarter, on a currency-adjusted basis. Domestic same-store sales, on the other hand, grew 4.1%. Following this earnings release, shares fell around 6% in the retailer's pre-market trading session.

For a mature company like AutoZone, investors have increasingly focused on its ability to expand into new markets. AutoZone has been growing internationally since 1998, but investors are not just looking for expansion alone. They want to see international markets produce growth that is closer to, or comparable with, the company's U.S. business. Domestic SSS have continued to rise at constant levels, but this hasn't been the case for its international stores. This quarter's SSS growth for international markets demanded investor attention, and shares reacted accordingly. AutoZone's international segment remains a key part of the company's story, and for investor optimism to come back, we need to see growth reaccelerate here.

Eli Lilly Announces Acquisition of Three Vaccine Developers

“Eli Lilly spends nearly four billion dollars to acquire a trio of vaccine developers”

Tuesday morning, Eli Lilly announced that it would be acquiring three vaccine developers for a combined total of around \$4 billion. This latest move comes as the pharmaceutical company looks to diversify its operations, and reinvest the surplus of cash it received from its weight-loss platform. Shares were largely unchanged following the announcement.

The companies to be acquired include Cuervo Inc, LimmaTech Biologics, and Vaccine Company. Cuervo's lead product, according to Eli Lilly, is its adjuvanted shingles vaccine. The vaccine aims to address issues associated with the current standard shingles vaccine, including fatigue, chills, and pain at the injection site. The current agreement associated with the acquisition would see the pharmaceutical company paying up to \$1.5b in cash, inclusive of an upfront and milestone-based payment.

LimmaTech Biologics specializes in the development of vaccines for bacterial pathogens such as, *Staphylococcus aureus*, *Neisseria gonorrhoeae*, and *Chlamydia trachomatis*. Its lead program is the development of a vaccine against *Staphylococcus aureus*, and it's currently in the first phase of its development process. The current agreement associated with this acquisition would see the pharmaceutical company paying up to \$780m in cash, inclusive of an upfront and milestone-based payment.

Vaccine Company is currently developing a proprietary, in-vivo nanoparticles technology, that could elicit results similar to VLPs, or virus-like particle vaccines. It currently aims to apply this technology to a broad range of pathogens, but its lead program is aimed at targeting the Epstein-Barr virus (EBV). Regarding EBV, the company is close to becoming a Phase-1 candidate, where the vaccine would become ready for human trials. The current agreement associated with the acquisition would see the pharmaceutical company paying up to \$1.55b in cash, inclusive of an upfront and milestone-based payment.

The key point is that many of the lead vaccine candidates across these companies remain in early development. As a result, it could take years before any of these vaccines receive FDA approval or reach the market. That long timeline likely explains the muted investor reaction. Still, the acquisitions show that Eli Lilly is looking to broaden its pipeline and diversify beyond its core weight-loss franchise. The key question, now, is whether these deals will eventually generate meaningful returns, though that will take years to assess.

Iranian Media Reports the Initial Framework of its joint-resolution

“Equity markets extended yesterday’s advances following the publication of a US-Iran resolution from Iranian Media”

Tuesday morning, Iranian media reported the initial framework of its resolution with the United States. Key points included the reopening of the Strait of Hormuz for commercial shipping, and the withdrawal of the United State’s Naval Blockade. Following this announcement broad-market equity indexes continued their advance from Tuesday’s trading session, while oil and yields moved downward.

The resolution framework provided by Iranian media isn’t concrete. In fact, the White House even claimed that what was reported was untrue. Even against this backdrop, investors maintained a risk-on stance, suggesting that markets are increasingly pricing in this resolution as though it has already materialized. Throughout this conflict, this notion has continuously been adopted by markets, with investors signaling optimism at even the slightest sight of a resolution. As we’ve seen in the past, most efforts have failed to play out, and accordingly markets reversed any prior gains. The S&P and Nasdaq closed at record levels on Tuesday, and are set to advance even further on Wednesday. Risk, however, still remains. The risk of this resolution unraveling still remains. However, based on recent political statements from the parties involved, that risk appears less elevated than it was previously. The key question now is what the next steps will be between the U.S. and Iran, and whether or not we see clearer signs that the resolution remains intact.

Nvidia Reports its Highly-Anticipated Q1 Earnings Results

“Nvidia shares slipped despite a phenomenally strong first quarter and uplifted guidance”

On Wednesday, after the bell, Nvidia reported its long-awaited first-quarter earnings results. Investors anxiously awaited this report, as they looked for signs that the AI-trade was still alive. Tech hyperscalers have continued to increase their capital spending for the year, and Nvidia remains at the forefront of it. Markets

have eagerly been waiting for some sign of optimism, as rising yields and inflationary pressures have eroded prior market gains. The stakes were high, and given historically elevated expectations for the company's earnings, markets were asking a lot. It was because of this that shares slipped after the earnings release, despite a phenomenally strong first quarter and lifted guidance.

For the first quarter, overall revenue came in at \$81.6 billion, up 20% from the previous quarter, and 85% from the prior year. Consensus estimates had Nvidia at \$78.9 billion for the quarter. Operating income was up 147% for the year at \$53.5 billion. Net income grew even larger, displaying a 211% increase on a year-over-year basis. For the quarter adjusted EPS came in at \$1.87 per share. Consensus estimates had it at \$1.75 per share. Outside of all the headline numbers, there was one more figure that investors looked out for - data center revenue. Data center revenue came in at a record \$75.2 billion, a 92% increase from the prior year. This figure helped underscore the continued demand for Nvidia's infrastructure, something that markets have continued to emphasize.

Outside of strong financials, Nvidia also uplifted its guidance and announced additions to its buyback plan. For the following quarter, Nvidia expects revenue around \$91 billion, far above analyst estimates of \$86.4 billion. Alongside this, Nvidia also reported that its board authorized an additional \$80 billion in share buybacks. In the past an earnings release like this would see a wave of investor enthusiasm, but this wasn't the case today. Shares slipped after the report, indicating that markets weren't swayed. However, if you step away from the noise, it's clear that Nvidia has and will continue to perform well. This performance is highly dependent on capital spending from hyperscalers, but as we've seen so far, there's no sign that they're ready to stop either.